

REFERENCE TITLE: financial institutions department; mortgage licensees

State of Arizona
House of Representatives
Forty-eighth Legislature
First Regular Session
2007

HB 2388

Introduced by
Representative Konopnicki

AN ACT

AMENDING SECTIONS 6-123, 6-127, 6-135, 6-903, 6-904, 6-944, 6-974, 6-980 AND 6-981, ARIZONA REVISED STATUTES; RELATING TO MORTGAGE LICENSES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 6-123, Arizona Revised Statutes, is amended to
3 read:

4 6-123. Superintendent; powers

5 In addition to the other powers, express or implied, the superintendent
6 may:

7 1. Exercise all powers that are necessary for the administration and
8 enforcement of the laws and rules relating to financial institutions and
9 enterprises.

10 2. In accordance with title 41, chapter 6, adopt rules that are
11 necessary or appropriate to administer, enforce and accomplish the purposes
12 of this title and adopt rules and issue orders that limit transactions
13 between financial institutions or enterprises and the directors, officers or
14 employees of the financial institutions or enterprises.

15 3. Require appropriate records, documents, information and reports
16 from any financial institution or enterprise.

17 4. Submit to the department of public safety the name and fingerprints
18 of any applicant, licensee, active manager or responsible individual or the
19 name and fingerprints of any organizer, director or officer of any corporate
20 applicant or licensee for:

21 (a) A banking permit.

22 (b) Permission to organize a savings and loan association or credit
23 union.

24 (c) Any license.

25 (d) Any certificate.

26 (e) Authority to engage in interstate banking and branching in this
27 state.

28 The department of public safety shall report the criminal record, if any, of
29 such applicant, licensee or organizer, director or officer of such corporate
30 applicant or licensee within ninety days of receipt of the request of the
31 superintendent.

32 5. Employ appraisers to appraise any property that is owned or held as
33 security by any financial institution or enterprise. The reasonable expenses
34 and compensation of such appraisers shall be paid by the financial
35 institution or enterprise.

36 6. Hold membership in, pay dues to and attend the convention of the
37 national and regional organizations of state officials occupying like offices
38 or performing similar functions.

39 7. Cooperate with other regulatory agencies and professional
40 associations to promote the efficient, safe and sound operation and
41 regulation of interstate banking and branching activities, including the
42 formulation of interstate examination policies and procedures and the
43 drafting of model rules and agreements.

1 8. PARTICIPATE IN THE ESTABLISHMENT, IMPLEMENTATION AND OPERATION OF A
2 MULTISTATE AUTOMATED LICENSING SYSTEM FOR MORTGAGE ENTITIES LICENSED PURSUANT
3 TO CHAPTER 9 OF THIS TITLE. THE SUPERINTENDENT MAY MODIFY IN WHOLE OR IN
4 PART BY RULE OR BY ORDER ANY OF THE REQUIREMENTS AS REASONABLY NECESSARY TO
5 IMPLEMENT AND OPERATE THE MULTISTATE SYSTEM. THE SUPERINTENDENT MAY NAME AN
6 AGENT TO CONDUCT FINGERPRINT ACTIVITIES DESCRIBED IN SECTION 6-123.01 AS
7 PART OF THE MULTISTATE AUTOMATED LICENSING SYSTEM.

8 Sec. 2. Section 6-127, Arizona Revised Statutes, is amended to read:
9 6-127. Disposition of revenue

10 All fees, charges, fines, CIVIL PENALTIES and assessments received by
11 the department shall be deposited, pursuant to sections 35-146 and 35-147, in
12 the state general fund except as provided in sections 6-135 and 6-135.01.

13 Sec. 3. Section 6-135, Arizona Revised Statutes, is amended to read:
14 6-135. Department revolving fund; use of fund

15 A. There is established a department revolving fund to be administered
16 by the superintendent under the conditions and for the purposes provided by
17 this section. Monies in the fund are exempt from the provisions of section
18 35-190, relating to the lapsing of appropriations.

19 B. Any investigative costs, ~~OR attorney fees or civil penalties~~
20 recovered for the state by the attorney general or the superintendent as a
21 result of actions brought pursuant to this title, whether by final judgment,
22 settlement or otherwise, shall be deposited in the department revolving
23 fund. ANY LICENSE APPLICATION, LICENSE RENEWAL OR OTHER LICENSE MAINTENANCE
24 FEE RELATED TO MORTGAGE LICENSES AUTHORIZED UNDER CHAPTER 9 OF THIS TITLE
25 SHALL BE DEPOSITED IN THE DEPARTMENT REVOLVING FUND. If the unencumbered
26 portion of the fund exceeds TWO HUNDRED fifty thousand dollars at the end of
27 the fiscal year, all unencumbered monies in excess of TWO HUNDRED fifty
28 thousand dollars shall be deposited in the department receivership revolving
29 fund, pursuant to section 6-135.01.

30 C. The monies in the fund shall be used by the superintendent and the
31 attorney general for LICENSING ADMINISTRATION, EXAMINATION AND investigative
32 proceedings or for purposes of instituting and prosecuting CRIMINAL OR civil
33 actions pursuant to this title.

34 D. On or before the fifteenth day of February, May, August and
35 November, the superintendent shall file with the governor, with copies to the
36 director of the department of administration, the president of the senate and
37 the speaker of the house of representatives, a full and complete account of
38 the receipts and disbursements from the fund in the previous calendar
39 quarter.

40 Sec. 4. Section 6-903, Arizona Revised Statutes, is amended to read:
41 6-903. Licensing of mortgage brokers required; qualifications;
42 application; bond; fees; renewal

43 A. A person shall not act as a mortgage broker if ~~he~~ THE PERSON is not
44 licensed under this article.

1 B. The superintendent shall not grant a mortgage broker's license to a
2 person, other than a natural person, who is not registered to do business in
3 this state on the date of granting the license. An applicant for an original
4 mortgage broker's license shall:

5 1. Have not less than three years' experience as a mortgage broker,
6 or equivalent lending experience in a related business during the five years
7 immediately preceding the time of application.

8 2. Have satisfactorily completed a course of study approved by the
9 superintendent during the three years immediately preceding the time of
10 application.

11 3. Have passed a mortgage broker's test, pursuant to section 6-908,
12 not more than one year before the granting of the license.

13 C. A person shall make an application for a license or for a renewal
14 of a license in writing on the forms, in the manner and accompanied by the
15 information prescribed by the superintendent. The superintendent may require
16 additional information on the experience, background, honesty, truthfulness,
17 integrity and competency of the applicant and any responsible individual
18 designated by the applicant. If the applicant is a person other than a
19 natural person, the superintendent may require information as to the honesty,
20 truthfulness, integrity and competency of any officer, director, shareholder
21 or other interested party of the association, corporation or group.

22 D. The nonrefundable application fee and annual renewal fee are as
23 prescribed in section 6-126. The nonrefundable application fee shall
24 accompany each application for an original license only. ~~The superintendent
25 shall deposit, pursuant to sections 35-146 and 35-147, the monies in the
26 state general fund.~~

27 E. If a licensee is a person other than a natural person, the license
28 issued to it entitles all officers, directors, members, partners, trustees
29 and employees of the licensed corporation, partnership, association or trust
30 to engage in the mortgage business if one officer, director, member, partner,
31 employee or trustee of the person is designated in the license as the
32 individual responsible for the person under this article. If a licensee is a
33 natural person, the license entitles all employees of the licensee to engage
34 in the mortgage business. If the natural person is not a resident of this
35 state, an employee of the licensee shall be designated in the license as the
36 individual responsible for the licensee under the provisions of this article.
37 For THE purposes of this subsection, an employee does not include an
38 independent contractor. A responsible individual shall be a resident of this
39 state, shall be in active management of the activities of the licensee
40 governed by this article and shall meet the qualifications set forth in
41 subsection B of this section for a licensee.

42 F. A licensee shall notify the superintendent that its responsible
43 individual will cease to be in active management of the activities of the
44 licensee within ten days of learning that fact. The licensee has ninety days
45 after the notification is received by the superintendent within which to

1 replace the responsible individual with a qualified replacement and to so
2 notify the superintendent. If the license is not placed under active
3 management of a qualified responsible individual and if notice is not given
4 to the superintendent within the ninety day period, the license of the
5 licensee expires.

6 G. Every person licensed as a mortgage broker shall deposit with the
7 superintendent, before doing business as a mortgage broker, a bond executed
8 by the licensee as principal and a surety company authorized to do business
9 in this state as surety. The bond shall be conditioned on the faithful
10 compliance of the licensee, including ~~his~~ THE LICENSEE'S directors, officers,
11 members, partners, trustees and employees, with this article. The bond is
12 payable to any person injured by the wrongful act, default, fraud or
13 misrepresentation of the licensee or ~~his~~ THE LICENSEE'S employees and to this
14 state for the benefit of the person injured. Only one bond is required for
15 any person, firm, association or corporation irrespective of the number of
16 officers, directors, members, partners or trustees who are employed by or are
17 members of such firm, association or corporation. No suit may be commenced
18 on the bond after the expiration of one year following the commission of the
19 act on which the suit is based, except that claims for fraud or mistake are
20 limited to the limitation period provided in section 12-543, paragraph 3. If
21 an injured person commences an action for a judgment to collect from the
22 bond, the injured person shall notify the superintendent of the action in
23 writing at the time of the commencement of the action and shall provide
24 copies of all documents relating to the action to the superintendent on
25 request.

26 H. The bond required by this section shall be ten thousand dollars for
27 licensees whose investors are limited solely to institutional investors, and
28 fifteen thousand dollars for licensees whose investors include any
29 noninstitutional investors.

30 I. For THE purposes of subsection H of this section:

31 1. "Institutional investor" means a state or national bank, a state or
32 federal savings and loan association, a state or federal savings bank, a
33 state or federal credit union, a federal government agency or
34 instrumentality, a quasi-federal government agency, a financial enterprise, a
35 licensed real estate broker or salesman, a profit sharing or pension trust,
36 or an insurance company.

37 2. "Investor" means any person who directly or indirectly provides
38 funds to a mortgage broker ~~which funds~~ THAT are, or are intended to be, used
39 in the making of a loan, and any person who purchases a loan, or any interest
40 therein, from a mortgage broker or in a transaction that has been directly or
41 indirectly arranged or negotiated by a mortgage broker.

42 J. Notwithstanding section 35-155, in lieu of the bond described in
43 this section, an applicant for a license or a licensee may deposit with the
44 superintendent a deposit in the form of cash or alternatives to cash in the

1 same amount as the bond required under subsection G of this section. The
2 superintendent may accept any of the following as an alternative to cash:

3 1. Certificates of deposits or investment certificates ~~which~~ THAT are
4 payable or assigned to the state treasurer, issued by banks or savings banks
5 doing business in this state and fully insured by the federal deposit
6 insurance corporation or any successor institution.

7 2. Certificates of deposit, investment certificates or share accounts
8 ~~which~~ THAT are payable or assigned to the state treasurer, issued by a
9 savings and loan association doing business in this state and fully insured
10 by the federal deposit insurance corporation or any successor institution.

11 3. Certificates of deposit, investment certificates or share accounts
12 ~~which~~ THAT are payable or assigned to the state treasurer, issued by a credit
13 union doing business in this state and fully insured by the national credit
14 union administration or any successor institution.

15 K. The superintendent shall deposit the cash or alternatives to cash
16 received under this section with the state treasurer. The state treasurer
17 shall hold the cash or alternatives to cash in the name of this state to
18 guarantee the faithful performance of all legal obligations of the person
19 required to post bond pursuant to this section. The person is entitled to
20 receive any accrued interest earned from the alternatives to cash. The state
21 treasurer may impose a fee to reimburse the state treasurer for
22 administrative expenses. The fee shall not exceed ten dollars for each cash
23 or alternatives to cash deposit and shall be paid by the applicant or
24 licensee. The state treasurer may prescribe rules relating to the terms and
25 conditions of each type of security provided by this section.

26 L. In addition to such other terms and conditions as the
27 superintendent prescribes by rule or order, the principal amount of the
28 deposit shall be released only on written authorization of the superintendent
29 or on the order of a court of competent jurisdiction. The principal amount
30 of the deposit shall not be released before the expiration of three years
31 from the first to occur of any of the following:

- 32 1. The date of substitution of a bond for a cash alternative.
- 33 2. The surrender of the license.
- 34 3. The revocation of the license.
- 35 4. The expiration of the license.

36 M. A licensee or an employee of the licensee shall not advertise for
37 or solicit mortgage business in any manner without using the name and license
38 number as issued on the mortgage broker's principal place of business
39 license, except that a licensee may employ or refer to the commonly used name
40 and any trademarks or service marks of any affiliate. If a license is issued
41 in the name of a natural person, nothing in the advertising or solicitation
42 may imply the license is in the name of another person or entity. For the
43 ~~purpose~~ PURPOSES of this subsection, "advertise" does not include business
44 cards, radio and television advertising directed at national or regional

1 markets and promotional items except if those items contain rates or terms on
2 which a mortgage loan may be obtained.

3 N. A licensee shall not employ any person unless the licensee:

4 1. Conducts a reasonable investigation of the background, honesty,
5 truthfulness, integrity and competency of the employee before hiring.

6 2. Keeps a record of the investigation for not less than two years
7 after termination.

8 O. A license is not transferable or assignable and control of a
9 licensee may not be acquired through a stock purchase or other device without
10 the prior written consent of the superintendent. Written consent shall not
11 be given if the superintendent finds that any of the grounds for denial,
12 revocation or suspension of a license as set forth in section 6-905 are
13 applicable to the acquiring person. For the purpose of this subsection,
14 "control" means the power to vote more than twenty per cent of outstanding
15 voting shares of a licensed corporation, partnership, association or trust.

16 P. The licensee is liable for any damage caused by any of ~~his~~ THE
17 LICENSEE'S employees while acting as an employee of the licensee.

18 Q. A licensee shall comply with the requirements of section 6-114
19 relating to balloon payments.

20 R. The examination and course of study requirements of this section
21 shall be waived by the superintendent for any person applying for a license
22 who, within the six months immediately prior to the submission of the
23 application, has been a licensee or a responsible person pursuant to this
24 chapter.

25 Sec. 5. Section 6-904, Arizona Revised Statutes, is amended to read:
26 6-904. Issuance of license; renewal; inactive status; branch
27 office license; application; fee

28 A. The superintendent, on determining that the applicant is qualified
29 and has paid the fees, shall issue a mortgage broker's license to the
30 applicant which is evidenced by a continuous certificate. The superintendent
31 shall grant or deny a license within one hundred twenty days after receipt of
32 the completed application and fees. An applicant who has been denied a
33 license may not reapply for such a license before one year from the date of
34 the previous application.

35 B. FOR LICENSES APPROVED ON OR BEFORE SEPTEMBER 30, 2007, a licensee
36 shall pay the renewal fee on or before September 30, 2007 AND ON OR BEFORE
37 DECEMBER 31 FOR SUBSEQUENT YEARS BEGINNING ON OR BEFORE DECEMBER 31, 2008.
38 Licenses not renewed by September 30, 2007 are suspended, and the licensee
39 shall not act as a mortgage broker until the license is renewed or a new
40 license is issued pursuant to this article. A person may renew a suspended
41 license by paying the renewal fee plus twenty-five dollars for each day after
42 September 30, 2007 that a license renewal fee is not received by the
43 superintendent and making application for renewal as prescribed by the
44 superintendent. Licenses which are not renewed by October 31, 2007 expire.

1 A license shall not be granted to the holder of an expired license except as
2 provided in this article for the issuance of an original license.

3 C. FOR LICENSES APPROVED on or before September 30, 2007, a licensee
4 may request inactive status ON OR BEFORE SEPTEMBER 30, 2007 for the following
5 license year, and the license shall be placed on inactive status after
6 payment to the superintendent of the inactive status renewal fee prescribed
7 in section 6-126, subsection C and the surrender of the license to the
8 superintendent. During inactive status, an inactive licensee is not required
9 to maintain a bond and shall not act as a mortgage broker. A licensee may
10 not be on inactive status for more than two consecutive years, nor for more
11 than four years in any ten year period. The license is deemed expired on
12 violation of any of the limitations of this subsection.

13 D. FOR LICENSES APPROVED AFTER OR RENEWED ON SEPTEMBER 30, 2007, A
14 LICENSEE SHALL PAY THE RENEWAL FEE ON OR BEFORE DECEMBER 31, 2008 AND ON OR
15 BEFORE DECEMBER 31 OF EACH SUBSEQUENT YEAR. LICENSES NOT RENEWED BY DECEMBER
16 31 ARE SUSPENDED AND THE LICENSEE SHALL NOT ACT AS A MORTGAGE BROKER UNTIL
17 THE LICENSE IS RENEWED OR A NEW LICENSE IS ISSUED PURSUANT TO THIS ARTICLE.
18 A PERSON MAY RENEW A SUSPENDED LICENSE BY PAYING THE RENEWAL FEE PLUS
19 TWENTY-FIVE DOLLARS FOR EACH DAY AFTER DECEMBER 31 THAT A LICENSE RENEWAL FEE
20 IS NOT RECEIVED BY THE SUPERINTENDENT AND APPLYING FOR RENEWAL AS PRESCRIBED
21 BY THE SUPERINTENDENT. A LICENSE THAT IS NOT RENEWED BY JANUARY 31 EXPIRES.
22 A LICENSE SHALL NOT BE GRANTED TO THE HOLDER OF AN EXPIRED LICENSE EXCEPT AS
23 PROVIDED IN THIS ARTICLE FOR THE ISSUANCE OF AN ORIGINAL LICENSE.

24 E. FOR LICENSES APPROVED AFTER OR RENEWED ON SEPTEMBER 30, 2007,
25 BEGINNING IN 2008 AND EACH SUBSEQUENT YEAR, A LICENSEE MAY REQUEST INACTIVE
26 STATUS FOR THE FOLLOWING LICENSE YEAR IF THE LICENSEE MAKES THE REQUEST ON OR
27 BEFORE DECEMBER 31. THE LICENSE SHALL BE PLACED ON INACTIVE STATUS AFTER THE
28 LICENSEE PAYS TO THE SUPERINTENDENT THE INACTIVE STATUS RENEWAL FEE
29 PRESCRIBED IN SECTION 6-126, SUBSECTION C AND SURRENDERS THE LICENSE TO THE
30 SUPERINTENDENT. DURING INACTIVE STATUS, AN INACTIVE LICENSEE IS NOT REQUIRED
31 TO MAINTAIN A BOND AND SHALL NOT ACT AS A MORTGAGE BROKER. A LICENSEE MAY
32 NOT BE ON INACTIVE STATUS FOR MORE THAN TWO CONSECUTIVE YEARS OR FOR MORE
33 THAN FOUR YEARS IN ANY TEN YEAR PERIOD. THE LICENSE EXPIRES ON VIOLATION OF
34 THIS SUBSECTION.

35 ~~D.~~ F. An inactive licensee may return to active status
36 notwithstanding the requirements of section 6-903, subsection B by making a
37 written request to the superintendent for reactivation and paying the
38 prorated portion of the annual assessment that would have been charged to the
39 licensee. The licensee shall also provide the superintendent with proof that
40 the licensee meets all of the other requirements for acting as a mortgage
41 broker, including required bond coverage or the deposit of a cash
42 alternative.

43 ~~E.~~ G. A licensee shall prominently display the mortgage broker
44 license in the office of the mortgage broker.

1 the holder of an expired license except as provided in this article for the
2 issuance of an original license.

3 C. FOR LICENSES APPROVED AFTER OR RENEWED ON MARCH 31, 2007, A
4 LICENSEE SHALL PAY THE RENEWAL FEE ON OR BEFORE DECEMBER 31, BEGINNING IN
5 2008. LICENSES NOT RENEWED BY DECEMBER 31 ARE SUSPENDED, AND THE LICENSEE
6 SHALL NOT ACT AS A MORTGAGE BROKER UNTIL THE LICENSE IS RENEWED OR A NEW
7 LICENSE IS ISSUED PURSUANT TO THIS ARTICLE. A PERSON MAY RENEW A SUSPENDED
8 LICENSE BY PAYING THE RENEWAL FEE PLUS TWENTY-FIVE DOLLARS FOR EACH DAY AFTER
9 DECEMBER 31 THAT A LICENSE RENEWAL FEE IS NOT RECEIVED BY THE SUPERINTENDENT
10 AND MAKING APPLICATION FOR RENEWAL AS PRESCRIBED BY THE SUPERINTENDENT.
11 LICENSES THAT ARE NOT RENEWED BY JANUARY 31 EXPIRE. A LICENSE SHALL NOT BE
12 GRANTED TO THE HOLDER OF AN EXPIRED LICENSE EXCEPT AS PROVIDED IN THIS
13 ARTICLE FOR THE ISSUANCE OF AN ORIGINAL LICENSE.

14 ~~C.~~ D. A licensee shall prominently display the mortgage banker
15 license in the office of the mortgage banker.

16 ~~D.~~ E. Every licensed mortgage banker shall designate and maintain a
17 principal place of business in this state for the transaction of business.
18 The license shall specify the address of his principal place of business. If
19 a licensee wishes to maintain one or more locations in addition to a
20 principal place of business, ~~he~~ THE LICENSEE shall first obtain a branch
21 office license from the superintendent and designate a person for each branch
22 office to oversee the operations of that office. The licensee shall submit a
23 fee as prescribed in section 6-126 for each branch office license. If the
24 superintendent determines that the applicant is qualified, the superintendent
25 shall issue a branch office license indicating the address of the branch
26 office. The licensee shall conspicuously display the branch office license
27 in the branch office. If the address of the principal place of business or
28 of any branch office is changed, the licensee shall notify the superintendent
29 before the change and the superintendent shall endorse the change of address
30 on the license for a fee as prescribed in section 6-126.

31 Sec. 7. Section 6-974, Arizona Revised Statutes, is amended to read:
32 6-974. Application for license; issuance or denial; fees

33 A. A person shall apply for a license or for a renewal of a license in
34 writing on the forms, in the manner and accompanied by the information
35 prescribed by the superintendent. The superintendent may require additional
36 information on the experience, background, honesty, truthfulness, integrity
37 and competency of the applicant and any responsible individual designated by
38 the applicant. If the applicant is a person other than a natural person, the
39 superintendent may require this information as to the honesty, truthfulness,
40 integrity and competency of any officer, director, shareholder, member,
41 partner, trustee, employee or other interested party of the firm, association
42 or corporation.

43 B. The superintendent, on determining that the applicant is qualified,
44 shall issue a commercial mortgage banker's license to the applicant that is
45 evidenced by a continuous certificate. The superintendent shall grant or

1 deny a license within one hundred twenty days after receiving the completed
2 application. An applicant who has been denied a license may not reapply for
3 a license before one year after the date of the previous application.

4 C. The nonrefundable application fee and annual renewal fee are as
5 prescribed by the superintendent. Application fees and annual renewal fees
6 shall be based upon the cost to the department to process the application and
7 regulate licensees. The nonrefundable application fee shall accompany each
8 application for an original license only. ~~The superintendent shall deposit,
9 pursuant to sections 35-146 and 35-147, the monies in the state general fund.~~

10 Sec. 8. Section 6-980, Arizona Revised Statutes, is amended to read:
11 6-980. Annual renewal; expiration on failure to renew

12 A. FOR LICENSES APPROVED ON OR BEFORE MARCH 31, 2007:

13 1. Licenses that are not renewed by March 31, 2007 are suspended, and
14 the licensee shall not act as a commercial mortgage banker until the license
15 is renewed or a new license is issued pursuant to this article.

16 ~~B.~~ 2. A person may renew a suspended license by making an application
17 for renewal as prescribed by the superintendent.

18 ~~C.~~ 3. Licenses that are not renewed by April 30, 2007 expire. A
19 license shall not be granted to the holder of an expired license except as
20 provided in this article for issuing an original license.

21 B. FOR LICENSES APPROVED AFTER OR RENEWED ON MARCH 31, 2007:

22 1. IF A LICENSE IS NOT RENEWED BY DECEMBER 31, 2008 AND BY DECEMBER 31
23 OF EACH SUBSEQUENT YEAR, THE LICENSE IS SUSPENDED. THE LICENSEE SHALL NOT
24 ACT AS A COMMERCIAL MORTGAGE BANKER UNTIL THE LICENSE IS RENEWED OR A NEW
25 LICENSE IS ISSUED PURSUANT TO THIS ARTICLE.

26 2. A PERSON MAY RENEW A SUSPENDED LICENSE BY MAKING AN APPLICATION FOR
27 RENEWAL AS PRESCRIBED BY THE SUPERINTENDENT.

28 3. LICENSES THAT ARE NOT RENEWED BY JANUARY 31 EXPIRE. A LICENSE
29 SHALL NOT BE GRANTED TO THE HOLDER OF AN EXPIRED LICENSE EXCEPT AS PROVIDED
30 IN THIS ARTICLE FOR ISSUING AN ORIGINAL LICENSE.

31 Sec. 9. Section 6-981, Arizona Revised Statutes, is amended to read:
32 6-981. Inactive status

33 A. FOR LICENSES APPROVED on or before March 31, 2007, a licensee may
34 request inactive status for the following license year, and the license shall
35 be placed on inactive status after surrendering the license to the
36 superintendent.

37 B. FOR LICENSES APPROVED AFTER OR RENEWED ON MARCH 31, 2007, A
38 LICENSEE MAY REQUEST INACTIVE STATUS ON OR BEFORE DECEMBER 31 OF EACH YEAR
39 FOR THE FOLLOWING LICENSE YEAR, AND THE LICENSE SHALL BE PLACED ON INACTIVE
40 STATUS AFTER SURRENDERING THE LICENSE TO THE SUPERINTENDENT.

41 ~~B.~~ C. During inactive status, an inactive licensee is not required to
42 maintain a bond and shall not act as a commercial mortgage banker.

43 ~~C.~~ D. A licensee may not be on inactive status for more than two
44 consecutive years or for more than four years in any ten year period. The

1 license is deemed expired on violation of any of the limitations of this
2 subsection.

3 ~~D.~~ E. An inactive licensee may return to active status
4 notwithstanding section 6-973, subsection D by making a written request to
5 the superintendent for reactivation. The licensee shall also provide the
6 superintendent with proof that the licensee meets all of the other
7 requirements for acting as a commercial mortgage banker, including required
8 bond coverage or the deposit of a cash alternative.

9 Sec. 10. Retroactivity

10 Sections 6-944, 6-980 and 6-981, Arizona Revised Statutes, as amended
11 by this act, apply retroactively to from and after March 30, 2007.